

Washington DC - On December 20, 2012, Rep Mike Honda published the following op-ed in [National Journal](#) regarding the renewable energy tax credit.

### **Alexander Misses the Point on Tax Credit**

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I believe we SHOULD extend the wind production tax credit, and I disagree with many of Senator Alexander's assertions as well as his conclusion. There are so many problems and inconsistencies in his arguments it is hard to know where to start. Senator Alexander argued that we shouldn't extend the credit because we have a deficit. In doing so, he fails to recognize the positive economic aspect wind energy has on the United States.

Seventy percent of a wind turbine's components are made here in the US at 500 manufacturing facilities located in nearly every state, providing a boost to our domestic manufacturing sector. Navigant Consulting projects that 37,000 jobs will be lost as of the first quarter of next year if the production tax credit is not extended, which will be felt across the country. As we work towards a 20% wind power benchmark in 2030, the wind industry could support roughly 500,000 jobs between 2020 and 2030 and industry payments to rural landowners could grow to more than \$600 million in 2030. This economic activity will generate tax revenue to offset the cost of the credit.

Senator Alexander also claims that wind is not worthy of incentives because it is a mature technology and that incentives distort the marketplace, yet he then goes on to tout coal and nuclear, which have received and continue to receive far more in subsidies than wind. Oil, gas, and coal are also mature technologies, and yet they have received over \$500 billion dollars in subsidies over nearly a century and continue to receive permanent subsidies that dwarf the value of the wind tax credit. Examining the issue during the Bush Administration, the Government Accountability Office concluded that fossil fuels continue to receive nearly five times the tax incentives as renewable energy.

Nuclear energy, too, has been with us for decades as well, and yet the industry still receives incentives in the form of loan guarantees, accelerated depreciation, and production tax credits of its own, along with the Price-Anderson indemnification the nuclear energy industry receives from the federal government. If the nuclear industry had to actually pay for its own liability insurance all of the insurance it needs to operate its reactors, there is no way it would be cost competitive.

In 2008, the Congressional Budget Office calculated the Price-Anderson subsidy at \$600,000

per reactor per year – for 100 reactors that is \$60 million per year in subsidies, and the Energy Policy Act extended this program for 20 years, which adds up to \$1.2 billion worth of subsidies just for insurance for the nuclear industry over the next few decades, not including the rest of the incentives that industry receives. I guess mature industries aren't worthy of incentives unless they are Senator Alexander's pet industries. Let's face the facts. The reason the coal and nuclear industries are not competitive today is the low cost and easy supply natural gas; industry officials readily admit that, and yet Senator Alexander is obfuscating this because he wants to try to make a point about the wind credit. But one of the problems shared by coal, nuclear, and gas is that they all require lots of water to operate.

As the world's population rises, it is placing greater demands on our water supplies, supplies that are already becoming scarcer due to climate change. Wind is a renewable energy source that does not rely upon water, making it a powerful tool to meet our current and future energy needs. We can't just wait until we are in dire need to install it, however, and that is why we need incentives like the production tax credit to put the wind infrastructure in place today to position us for our renewable energy future. Senator Alexander goes on to suggest that "giant turbines and power lines strung along scenic mountaintops destroy the environment."

I would counter that there are far more damaging things to our environment than obstructed views, things such as toxic coal ash pools breaching and contaminating rivers, oil spills destroying fishing grounds and killing waterfowl, and emissions from smokestacks and tailpipes driving up asthma rates, all of which come with significant economic costs of their own. I agree that we need to increase funding for research for solar, batteries, more energy-efficient buildings, and advanced biofuels, but we cannot do so at the expense of building our current renewable energy infrastructure base. Research in the past into wind energy has produced dramatic results, so that it is now one of the most cost-effective sources of new electricity generation, which is a big reason why wind has accounted for 35% of all new electricity generating capacity since 2007.

Similar research on battery technology will help minimize the intermittency of wind power and enable wind to shoulder a greater portion of the base load demand. The American public agrees – 89% of American voters believe increasing the amount of energy the nation gets from wind is a good idea, and 71% of younger voters, our future, believe that American energy policy should focus more on alternative energy sources as opposed to oil, coal, and natural gas. Extending the wind production tax credit will provide the short term incentive needed to ensure the deployment of utility scale wind generation and the demand for wind turbines made in the US today, and the manufacturing and installation jobs that go along with those projects, which is building the foundation for an even more widespread wind energy future.